

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 2 - 0 1

2. STATE:

Kentucky

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

February 4, 2002

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 147.250-280

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$615,000

b. FFY 2003 \$770,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 14.9D Exhibit B
Page 239. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

Nursing Home Reimbursement

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:Review delegated to Commissioner
Department for Medicaid Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Mike Robinson

13. TYPED NAME:

Mike Robinson

14. TITLE:

Commissioner

15. DATE SUBMITTED:

3/27/02

16. RETURN TO:

Mike Robinson, Commissioner
Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, KY 40621**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

March 27, 2002

18. DATE APPROVED:

May 29, 2002

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

February 4, 2002

20. SIGNATURE OF REGIONAL OFFICIAL:

Eugene A. Grasser

21. TYPED NAME:

Eugene A. Grasser

22. TITLE: Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

SECTION 290. PROSPECTIVE RATE COMPUTATION

- A. Prospective rates are established annually for a universal rate year, July 1 through June 30. Rate setting shall be based on the most recent cost reports available by May 16. If a desk review or audit of the most recent cost report is completed after May 16 but prior to universal rate setting for the rate year, the desk reviewed or audited data shall be utilized for rate setting. If a facility's rate is based upon a report that has not been audited or desk reviewed, the facility's rate is subject to revision after the cost report has been audited or desk reviewed.
- B. Allowable routine Cost-Based Facility cost is divided into two components: Nursing Services Cost and All Other Cost.
- C. Allowable cost for the Nursing Services Cost component shall be trended to the beginning of the universal rate year and indexed for the period covering the rate year based on an inflation factor obtained from the Data Resources, Incorporated (DRI) forecast table for Skilled Nursing Facilities.
- D. Allowable cost for the All Other Cost center, with the exception of the Capital Cost sub-component shall be trended and indexed in the same manner as Nursing Services costs.
- E. The total Cost-Based Facility Cost for each cost category, after trending and indexing, shall be divided by total Certified Cost-Based Facility days in order to compute a per diem. A minimum occupancy limit of ninety (90) percent of certified bed days available, (except for state government-owned facilities shall be seventy-five (75) percent of certified bed days), or actual bed days used if greater, and a maximum occupancy limit of ninety-eight (98) percent computed in the same manner, shall be used in computing the per diem.

SECTION 300. ADJUSTMENT TO PROSPECTIVE RATE

- A. Upon request by participating facility, an increase in the prospective rate shall be considered if the cost increase is attributable to one (1) of the following reasons:
 - 1. Governmentally imposed minimum wage increases, unless the minimum wage increase was taken into account and reflected in the setting of the trending and index factor.
 - 2. Direct effect of newly published licensure requirements or new interpretations of existing requirements by the appropriate

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